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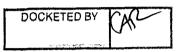
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WILLIAM A. MUNDELL AZ CORP COMMISSION DOCUMENT CONTROL **CHAIRMAN** Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATION COMMENSAION 55

DOCKETED

JAN 0 8 2003



IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. E-01787A-02-0822
NAVOPACHE ELECTRIC COOPERATIVE,)	
INC., AN ARIZONA NON-PROFIT)	
CORPORATION, FOR APPROVAL OF A RUS)	NAVOPACHE'S REQUEST
GUARANTEED FFB LOAN IN THE AMOUNT)	TO AMEND FINDING OF
OF \$3,145,000 TO FUND THE CONSTRUCTION)	FACT NO. 6 IN LIEU OF
OF PHOTOVOLTAIC ELECTRIC GENERATING	·)	EXCEPTIONS
FACILITIES UNDER THE ENVIRONMENTAL)	
PORTFOLIO STANDARD MANDATE.)	
)	

Navopache Electric Cooperative, Inc. ("Navopache") supports Assistant Chief Administrative Law Judge, Dwight D. Nodes' ("ALJ") proposed order, which recommends that the Commission authorize the Cooperative to borrow \$3,145,000 from the Rural Utilities Service, Guaranteed Federal Financing Bank ("RUS"), to construct photovoltaic electric generating facilities under Arizona's Environmental Portfolio Standard. As such, Navopache has no exceptions to the Recommended Order, but requests that Finding of Fact No. 6 be amended to more accurately reflect the status of the Cooperative's loan request as "pending" rather than "approved" at RUS.

The apparent point of confusion stems from the fact that RUS generally performs a two-step review of cooperative financing requests in its loan approval process. In the first step, RUS performs a threshold review of the cooperative's proposed Construction Work Plan ("CWP") to determine whether it meets RUS' general engineering funding criteria. If the CWP is acceptable, RUS sets the amount of expenditures necessary to carryout the construction under the CWP. As indicated in Navopache's application, RUS has completed the first step and has approved Navopache's CWP for construction of photovoltaic electric generating facilities allowing Navopache to make expenditures of up to \$3,145,000. In the second step, RUS reviews the cooperative's financials to make certain that the Cooperative can pay back the loan. Because of a heavy backlog of loan requests, RUS is not expected to complete its financial review of Navopache's loan request for a few more months. RUS will not formally approve Navopache's financing request and execute the note until both review steps are completed. Thus, as written, Finding of Fact No. 6 is not completely accurate when it states that RUS has "approved" Navopache's financing request. Therefore, Navopache requests that Findings of Fact No. 6 be amended as follows:

6. Navopache has submitted a \$3,145,000 financing request to RUS. Once approved by RUS, RUS has approved Navopache's \$3,145,000 financing request the loan will be for a period of twenty years, based on a variable interest rate that is expected to average five percent per annum. The loan will require monthly payments of approximately \$20,755 over the twenty-year term of the loan. The loan will be secured by existing collateral associated with prior extensions of credit by RUS, and by a security agreement between Navopache and RUS.

Navopache would emphasize that the above amendment is inconsequential as to whether the Commission should grant regulatory authorization the Cooperative to borrow funds. The Commission historically reviews and approves cooperative financing authorization requests well before the lender approves the cooperative's actual loan request.

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Moreover, lenders such as RUS generally require that all required state regulatory approvals be attained by the cooperatives before they will execute the note anyway. For example, most recently in Decision No. 65275 (dated October 16, 2002), the Commission authorized Navopache to borrow funds from RUS under its Four-Year Construction Work Plan before RUS approved the Cooperative's loan request package.

Accordingly, for the reasons stated above, Navopache requests that the Commission adopt the Cooperative's proposed amendment to Finding of Fact No. 6 to more accurately reflect the status of the Cooperative's loan request as pending at RUS, and authorize Navopache to borrow funds from RUS to construct photovoltaic electric generating facilities under Arizona's Environmental Portfolio Standard.

RESPECTFULLY SUBMITTED this 8th day of January, 2003.

MARTINEZ & CURTIS, P.C.

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Attorneys for Navopache Electric Cooperative, Inc.

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Original and Thirteen (13) copies of the foregoing filed this 8th day of January, 2003 with:

Docket Control Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

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2	this 8th day of January, 2003 to:
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